

LIFELINE ADMINISTRATION SERVICE PROCESSES APPLICATIONS FOR THE FOLLOWING COMPANIES

Ace Communications	Chippewa County Telephone Company	Sand Creek Telephone Company
Allendale Telephone Company	Climax Telephone Company	Southwest Michigan Communications
Baraga Telephone Company	Deerfield Farmers' Telephone Co.	Springport Telephone Company
Barry County Telephone Company	Hiawatha Telephone Company	TDS Telecom
Blanchard Telephone Company	Kaleva Telephone Company	Thumb Cellular
Bloomington Communications	Lennon Telephone Company	Upper Peninsula Telephone Company
Carr Telephone Company	Michigan Central Broadband Co.	Waldron Telephone Company
CenturyLink of Michigan	Midway Telephone Company	Westphalia Broadband, Inc.
CenturyLink of Midwest Michigan	Ogden Communications	Westphalia Telephone Company
CenturyLink of Northern Michigan	Ontonagon County Telephone Co.	Winn Telecom
CenturyLink of Upper Michigan	Pigeon Telephone Company	Winn Telephone Company
Chapin Telephone Company		

For more information, please call 1-866-321-2323.

If your phone company is not on the list above, please contact them directly to apply for Lifeline discounts.

APPLICANT ACKNOWLEDGEMENTS

PLEASE READ AND INITIAL EACH OF THE FOLLOWING STATEMENTS TO INDICATE THAT YOU UNDERSTAND AND AGREE:

- I understand and consent to Lifeline Administration Service providing my Lifeline service account information, including but not limited to, my name, residential address, phone number, date of birth, the last 4 digits of my social security number, the date on which my Lifeline service was initiated/terminated, the amount of Lifeline support provided, and the means through which I qualified for Lifeline, to the Universal Service Administrative Company (USAC), USAC's agents and/or the National Lifeline Accountability Database to ensure the proper administration of the Lifeline program. I understand that if I fail to provide this consent, Lifeline Administration Service will deny me Lifeline service.
- Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person.
- Lifeline is a federal benefit and willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.
- Lifeline support is only available for a single phone line at my principal residence and no one else in my household is receiving Lifeline discounts. (A "household" is defined as any individual or group of individuals who live together at the same address and share income and expenses.)
- Violation of the one-per-household limitation constitutes a violation of the Federal Communication Commission's rules and will result in the subscriber's de-enrollment from the program and potentially prosecution by the US government.
- I understand that if I am identified as receiving more than one Lifeline benefit, all telephone service providers involved may be notified so that I may select one service and be de-enrolled from the other(s).
- I will notify my telephone company within 30 days if I no longer qualify for Lifeline and I may be subject to penalties if I fail to do so.
- I will notify my telephone company within 30 days of any changes to my residential address.
- I will be required to certify my continued eligibility for Lifeline at least once a year and know failure to do so will result in termination of my participation in the program.

APPLICANT SIGNATURE

I certify, under penalty of perjury, that the information provided in this application and supporting documentation is true and complete.

Signature:

Date:

REVISED 2/2013

Michigan Lifeline Administration Service
LIFELINE APPLICATION FOR TRIBAL AREAS

Eligible customers will receive up to \$35.00 off their monthly phone bill and seniors aged 65 and older can receive additional discounts. Tribal customers can also receive discounts of up to \$100 for commencing service at the subscriber's principal place of residence.

TOLL FREE 1-866-321-2323

To apply for Lifeline Service, complete the application below and send it to:

**Lifeline Administration Service
PO Box 11037, Lansing, Michigan 48901 OR fax to 517-482-3548**

IDENTIFICATION INFORMATION (PLEASE PRINT)

Applicant's phone number:		Name of phone company:	
Date of Birth:	Last 4-digits of Social Security Number:		
Last Name:	First Name:		M.I.:
Street:			
Residential street address only; FCC regulations prohibit the use of P.O. Boxes for the Lifeline program			
City:		State:	ZIP Code:
This is my permanent address: Yes <input type="checkbox"/> No <input type="checkbox"/>			
Billing Address, City, State and Zip Code (if different from Service Address)			
There are multiple unique households (e.g. nursing home, assisted living facility) at my address, as defined in this program. YES <input type="checkbox"/> NO <input type="checkbox"/>		I am a new customer connecting service at this address for the first time. YES <input type="checkbox"/> NO <input type="checkbox"/> Date Service Started: _____	

PROGRAM QUALIFICATION INFORMATION

To be eligible for Lifeline discounts, regulations require you to qualify via one of the two methods below. Please fill out one section only.

Method 1. My income is within the guidelines and I am providing the following photocopies that document my total household income, which is stated below. Please check all that apply.

TOTAL MONTHLY INCOME: \$

NUMBER OF HOUSEHOLD MEMBERS:

# of Household Members	Gross Monthly Income	Gross Annual Income*
1	\$1,436	\$17,235
2	\$1,939	\$23,265
3	\$2,441	\$29,295
4	\$2,944	\$35,325

*Add \$6,030 (\$503 monthly) for each additional household member.

<input type="checkbox"/> Prior year's state or federal tax return.	<input type="checkbox"/> Current Annual Income Statement from Employer
<input type="checkbox"/> Social Security statement of benefits	<input type="checkbox"/> Paycheck stubs or other official document containing income information for any 3 consecutive months within last 12 months
<input type="checkbox"/> Retirement/pension statement of benefits	<input type="checkbox"/> Veterans Administration statement of benefits
<input type="checkbox"/> Unemployment/Worker's Compensation Statement of Benefits	<input type="checkbox"/> Divorce decree or child support document containing income information

Method 2. I, or the member of my household named below, receives assistance from one of the listed programs. I am providing documentation of participation in the checked program.

Name: _____

<input type="checkbox"/> Food stamps	<input type="checkbox"/> Medicaid	<input type="checkbox"/> Federal Public Housing Assistance or Section 8
<input type="checkbox"/> Food Distribution Program on Indian Reservations	<input type="checkbox"/> Temporary Assistance for Needy Families (TANF)	<input type="checkbox"/> National School Lunch - Free Lunch Program
<input type="checkbox"/> Supplemental Security Income	<input type="checkbox"/> Bureau of Indian Affairs General Assistance	
<input type="checkbox"/> Low-Income Home Energy Plan (LIHEAP)		

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APPLICANT SIGNATURE

I certify, under penalty of perjury, that the information provided in this application and supporting documentation is true and complete.

Signature:

Date:

REVISED 2/2013



HIAWATHA
TELEPHONE
COMPANY

Received & Inspected

OCT 23 2013

FCC Mail Room

108 West Superior Street • Munising, MI 49862-1192
(906) 387-9911 • FAX (906) 387-9920

WC Docket Nos. 10-90 and 11-42

FCC FORM 481

**STATEMENT REGARDING FUNCTIONALITY IN EMERGENCY
SITUATIONS (600/610)**

Hiawatha Telephone Company ("Carrier") is able to remain functional in an emergency situation through the use of back-up power to ensure functionality without an external power source. Carrier has backup battery reserve in its central office and remote cabinets, which enables it to provide service for a minimum of 8 hours. Carrier's service is consistent with the prior obligations to provide service in emergency situations as set forth in § 54.202(a)(2) and Rule 46 of the MPSC's Service Quality Rules (2000 AC, R 484.546), and its network is engineered to provide maximum capacity in order to handle excess traffic in the event of traffic spikes resulting from emergency situations. Carrier has redundancy in its network for use in re-rerouting traffic when facilities are damaged.



HIAWATHA
TELEPHONE
COMPANY

Received & Inspected

OCT 29 2013

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108 West Superior Street • Munising, MI 49862-1192
(906) 387-9911 • FAX (906) 387-9920

WC Docket Nos. 10-90 and 11-42

FCC FORM 481

**Rate of Return Documentation
(3005/3026)**

REDACTED VERSION

Received & Inspected

OCT 23 2013

FCC Mail Room

HIAWATHA TELEPHONE COMPANY

**Financial Statements
With Independent Accountant's Review Report**

As of December 31, 2012 and 2011

CONFIDENTIAL



McCartney & Company, P.C.
Certified Public Accountants

Okemos, Michigan

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CONFIDENTIAL



McCartney & Company, P.C.
Certified Public Accountants

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Suite 150 · Okemos, Michigan 48864
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Hiawatha Telephone Company
Munising, Michigan

We have reviewed the accompanying balance sheets of Hiawatha Telephone Company (a corporation and a wholly owned subsidiary of Hiawatha Communications, Inc.), as of December 31, 2012 and 2011, and the related statements of income and changes in retained earnings, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

McCartney & Company, P.C.

October 1, 2013

Hiawatha Telephone Company
Balance Sheets
As of December 31, 2012 and 2011

ASSETS

	2012	2011
<u>Current Assets</u>		
Cash and cash equivalents	\$ [REDACTED]	\$ [REDACTED]
Temporary cash investments	[REDACTED]	[REDACTED]
Due from subscribers	[REDACTED]	[REDACTED]
Accounts receivable - Connecting Companies	[REDACTED]	[REDACTED]
Accounts receivable - Other	[REDACTED]	[REDACTED]
Accounts receivable - Affiliates	[REDACTED]	[REDACTED]
Inventory	[REDACTED]	[REDACTED]
Current deferred taxes	[REDACTED]	[REDACTED]
Other current assets	[REDACTED]	[REDACTED]
Total Current Assets	[REDACTED]	[REDACTED]
<u>Investments</u>		
Other investments	[REDACTED]	[REDACTED]
Total Investments	[REDACTED]	[REDACTED]
<u>Plant, Property and Equipment</u>		
Plant in service	[REDACTED]	[REDACTED]
Plant under construction	[REDACTED]	[REDACTED]
Total Plant, Property and Equipment	[REDACTED]	[REDACTED]
Less accumulated depreciation	[REDACTED]	[REDACTED]
Total Plant, Property and Equipment	[REDACTED]	[REDACTED]
<u>Total Assets</u>	\$ [REDACTED]	\$ [REDACTED]

See accompanying notes and independent accountant's review report

LIABILITIES AND STOCKHOLDERS' EQUITY

	2012	2011
<u>Current Liabilities</u>		
Accounts payable	\$ [REDACTED]	\$ [REDACTED]
Accounts payable - affiliates	[REDACTED]	[REDACTED]
Advance billings and payments	[REDACTED]	[REDACTED]
Accrued compensated absences	[REDACTED]	[REDACTED]
Other current liabilities	[REDACTED]	[REDACTED]
Total Current Liabilities	[REDACTED]	[REDACTED]
<u>Deferred Liabilities</u>		
Deferred federal income taxes	[REDACTED]	[REDACTED]
Deferred state income taxes	[REDACTED]	[REDACTED]
Total Deferred Liabilities	[REDACTED]	[REDACTED]
<u>Stockholders' Equity</u>		
Common Stock	[REDACTED]	[REDACTED]
Retained earnings	[REDACTED]	[REDACTED]
Total Stockholders' Equity	[REDACTED]	[REDACTED]
<u>Total Liabilities and Stockholders' Equity</u>	\$ [REDACTED]	\$ [REDACTED]

See accompanying notes and independent accountant's review report

Hiawatha Telephone Company
Statements of Income and Changes in Retained Earnings
As of December 31, 2012 and 2011

	2012	2011
<u>Operating Revenues</u>		
Local service revenues	\$ [REDACTED]	\$ [REDACTED]
Access service		
Interstate		
Intrastate		
Deregulated		
Miscellaneous		
Total Operating Revenues	[REDACTED]	[REDACTED]
<u>Operating Expenses</u>		
Plant specific	[REDACTED]	[REDACTED]
Network and other		
Depreciation		
Customer operations		
Corporate operations		
Deregulated		
Total Operating Expenses	[REDACTED]	[REDACTED]
<u>Net Operating Revenue</u>	[REDACTED]	[REDACTED]
<u>Operating Taxes</u>		
Federal income taxes	[REDACTED]	[REDACTED]
State income taxes		
Other operating taxes		
Total Operating Taxes	[REDACTED]	[REDACTED]
<u>Net Operating Income</u>	[REDACTED]	[REDACTED]
Interest and dividend income		
Other income and expense		
Federal non-operating income taxes		
<u>Net Income</u>	[REDACTED]	[REDACTED]
<u>Retained earnings - Beginning</u>	[REDACTED]	[REDACTED]
<u>Retained earnings - Ending</u>	\$ [REDACTED]	\$ [REDACTED]

See accompanying notes and independent accountant's review report

Hiawatha Telephone Company
Munising, Michigan

Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
<u>Operating Activities</u>		
Net Income	\$ [REDACTED]	\$ [REDACTED]
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	[REDACTED]	[REDACTED]
Provisions for deferred taxes	[REDACTED]	[REDACTED]
Accrued compensated absences	[REDACTED]	[REDACTED]
Change in operating assets and liabilities:		
Due from subscribers	[REDACTED]	[REDACTED]
Accounts receivable	[REDACTED]	[REDACTED]
Inventory	[REDACTED]	[REDACTED]
Other assets	[REDACTED]	[REDACTED]
Accounts payable	[REDACTED]	[REDACTED]
Advance billings and payments	[REDACTED]	[REDACTED]
Other liabilities	[REDACTED]	[REDACTED]
Net Cash Flows Provided by (Used in) Operating Activities	[REDACTED]	[REDACTED]
<u>Investing Activities</u>		
Purchases of plant, property and equipment	[REDACTED]	[REDACTED]
Salvage net of cost of removal	[REDACTED]	[REDACTED]
Proceeds from investments	[REDACTED]	[REDACTED]
Net Cash Used in Investing Activities	[REDACTED]	[REDACTED]
<u>Increase in Cash and Cash Equivalents</u>	[REDACTED]	[REDACTED]
<u>Cash and Cash Equivalents - Beginning</u>	[REDACTED]	[REDACTED]
<u>Cash and Cash Equivalents - Ending</u>	\$ [REDACTED]	\$ [REDACTED]

See accompanying notes and independent accountant's review report

HIAWATHA TELEPHONE COMPANY

Notes to Financial Statements

1. Summary of Significant Accounting Policies

These financial statements contain the accounts of Hiawatha Telephone Company (the Company). The Company is a wholly owned subsidiary of Hiawatha Communications, Inc. and is located in the Upper Peninsula of the state of Michigan. The Company's major business activity is providing local telephone exchange service and access to the public switched telephone network.

The Company grants credit to customers, substantially all of whom are local residents. Additionally, the Company grants credit to interexchange carriers for access to the public switched telephone network. Approximately [REDACTED] of the Company's operating revenue is received from access revenue from interexchange carriers.

The Company rarely requires collateral from either its customers or telecommunications providers. Accordingly, failure to collect on these accounts would result in a direct loss of the amounts uncollected. However, a portion of these losses would be recoverable through the settlement process described below. Due from subscribers is shown net of the allowance for doubtful accounts of [REDACTED] and [REDACTED] at December 31, 2012 and 2011, respectively. Accounts receivable - Connecting companies is shown net of the allowance for doubtful accounts of [REDACTED] and [REDACTED] at December 31, 2012 and 2011, respectively. For Accounts receivable - Other, no allowance for doubtful accounts was determined to be necessary. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable. Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, and the Company does not apply a finance charge to past due receivables. Additionally, the Company generally does not hold financial instruments with off-balance-sheet credit risk.

The accounting records of the Company are maintained in accordance with the Uniform System of Accounts for Class A and B telephone companies prescribed by the Michigan Public Service Commission, which conform to accounting principles generally accepted in the United States of America. Preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates, primarily related to collectibility of receivables, access revenue settlement amounts, depreciable lives of property, plant and equipment, and deferred tax assets and liabilities. Actual results may vary from these estimates.

Compensation for interstate access services was received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the Company to the interstate interexchange carriers, and pooled with like revenues from all NECA member companies. The portion of the pooled access charge revenue received by the Company is based upon its actual cost of providing interstate access service, plus a return on the investment dedicated to providing that service. The Company recorded true-ups of prior years' estimated interstate access settlements that had the net effect of increasing 2012 and 2011 net income before federal and state income taxes in the amount of [REDACTED] and [REDACTED], respectively.

Intrastate and local access revenue is based on charges billed under the Company's intrastate access revenue tariff or interconnection agreements. These revenues are dependent upon actions of interexchange carriers over which the Company has no control. It is possible that changes could occur that would cause a significant impact on the Company's future revenues.

HIAWATHA TELEPHONE COMPANY

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

In November 2011, the FCC issued an order reforming the Universal Service Fund reporting and distributions, as well as, carrier compensation billing and settlement process. It is unknown at this time what financial impact the order will have on the Company.

Cash and cash equivalents include cash and short-term, highly liquid investments with original maturities of three months or less. Those investments with original maturities of over three months to twelve months are classified as temporary cash investments. The Company's cash and temporary cash investment accounts are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 per financial institution. At various times during the year the Company's cash account balances exceeded this amount in the normal course of business. At December 31, 2012, cash and temporary investments account balances exceeded this limit by approximately \$ [REDACTED]. Other investments are not covered by FDIC insurance.

Non-cash investing and financing activities consisted of plant increases included as accounts payable of [REDACTED] and [REDACTED] at December 31, 2012 and 2011, respectively.

All federal and state income taxes are paid by the Company's parent corporation.

It is the policy of the Company to expense advertising costs as incurred.

Sales, use and excise taxes collected from subscribers are presented on a net basis.

Inventory consists of materials and supplies for additions and maintenance of the telephone plant and telephone equipment for resale. Inventory is priced at the lower of cost or market on an average cost basis.

2. Temporary Cash Investments

Temporary cash investments on [REDACTED] at both December 31, 2012 and 2011, consist of Certificates of Deposit with original maturities between 4 to 12 months from the date of issue and bear interest at the prevailing market rate at the time of issue.

3. Plant, Property and Equipment

Additions to telephone plant and replacements of significant units of property are capitalized at original cost. When telephone plant is retired, its cost is removed from the asset account and charged against the depreciation reserve together with any related salvage and removal costs. No gains or losses are recognized in connection with routine retirements of depreciable property.

Plant in service is summarized as follows at December 31, 2012 and 2011:

	2012	2011
Land and buildings	\$ [REDACTED]	\$ [REDACTED]
General support	[REDACTED]	[REDACTED]
Central office equipment	[REDACTED]	[REDACTED]
Information origination/termination	[REDACTED]	[REDACTED]
Cable and wire facilities	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]

HIAWATHA TELEPHONE COMPANY

Notes to Financial Statements

3. Plant, Property and Equipment (continued)

Depreciation expense for plant is calculated using a rate that distributes the gross cost of a class of assets, and its estimated net salvage, on a straight-line basis over the estimated service life of that class of assets. The composite depreciation rate was [REDACTED] % and [REDACTED] % for 2012 and 2011, respectively.

During 2012 the Company conducted a study of the plant depreciation rates. As a result of this study, new depreciation rates were implemented effective January 1, 2012. The impact of this change in 2012 was a reduction in depreciation expense recorded in the amount of approximately [REDACTED].

4. Construction Expenditures

Construction and other plant expenditures totaled \$ [REDACTED] and \$ [REDACTED] on an accrual basis in 2012 and 2011, respectively. Management has proposed expenditures for the expansion of plant totaling approximately \$ [REDACTED] during 2013.

In addition, the Company entered into a construction contract for approximately \$ [REDACTED] during 2013.

5. Taxes

For income tax purposes, the Company is included in the federal consolidated and state combined tax returns with its parent Hiawatha Communications, Inc. For financial reporting purposes, income taxes are computed and recorded as if the Company had separate income tax returns, except that: (i) in the event the Company generates a net tax loss which is utilized in Hiawatha Communications, Inc.'s returns, the Company will be given the benefit of such loss, (ii) federal income taxes are calculated based upon the statutory tax rate in effect for Hiawatha Communications, Inc. and its subsidiary on a consolidated basis, and (iii) state income taxes are calculated based upon the taxes in effect for Hiawatha Communications, Inc. and its subsidiary on a combined basis. Deferred income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities at the applicable enacted tax rates. Temporary differences giving rise to the deferred tax liabilities and assets consist primarily of the excess of depreciation for tax purposes over the amount for financial reporting purposes, and investments reported for differently for financial reporting and tax purposes.

Tax provisions charged to expense for the years ended December 31, 2012 and 2011 are summarized below.

	2012	2011
Federal income taxes (benefit):		
Current	\$ [REDACTED]	\$ [REDACTED]
Deferred	[REDACTED]	[REDACTED]
Subtotal	\$ [REDACTED]	\$ [REDACTED]
State income taxes (benefit):		
Current	\$ [REDACTED]	\$ [REDACTED]
Deferred	[REDACTED]	[REDACTED]
Subtotal	\$ [REDACTED]	\$ [REDACTED]
Other taxes:		
Property	[REDACTED]	[REDACTED]
Miscellaneous	[REDACTED]	[REDACTED]
Total income and other taxes	\$ [REDACTED]	\$ [REDACTED]

HIAWATHA TELEPHONE COMPANY

Notes to Financial Statements

5. Taxes (continued)

Total federal income tax expense, divided by the sum of such tax expense and net income, results in an effective tax rate of approximately █% and █% for 2012 and 2011, respectively. The difference between the Company's federal effective income tax rate and the federal statutory rate is primarily a result of expenses deductible for financial reporting purposes that are not deductible for tax purposes, and adjustments to prior year tax accruals.

The Company periodically settles amounts owed to Hiawatha Communications, Inc. for income taxes. For the years ended December 31, 2012 and 2011, a federal income tax liability was recorded as a payable to Hiawatha Communications, Inc. in the amount of \$█ and \$█, respectively. For the years ended December 31, 2012 and 2011, a state income tax liability was recorded as a payable to Hiawatha Communications, Inc. in the amount of \$█ and \$█, respectively.

Effective January 1, 2012, the State of Michigan eliminated the Michigan Business Tax and implemented the Corporate Income Tax. This change necessitated the adjustment to certain deferred tax assets and liabilities to implement the new income tax.

Management believes that there is a greater than 50% chance (more likely than not) that the Company is entitled to the economic benefit resulting from tax positions taken in income tax returns. No interest or penalties related to uncertain tax positions has been recognized in the income statements or balance sheets for the years ended December 31, 2012 and 2011. However, federal and state tax returns for years 2009 through 2012 remain subject to possible audit.

6. Pension Plan

The Company has a defined benefit pension plan in effect for all of its employees who meet certain age and length of service requirements. The plan is administered by the National Telephone Cooperative Association (NTCA) retirement plan, a defined benefit pension plan qualified by the Internal Revenue Code. In this multiple-employer plan, which is available to members of NTCA, the accumulated benefits and plan assets are not determined or allocated separately by individual employers. The plan requires annual contributions, equal to the amount accrued for pension expense. Contributions for 2012 and 2011 were \$█ and \$█, respectively.

Additionally, Company employees participate in a cash or deferred arrangement 401(K) plan administered by John Hancock. Employer contributions were made to this plan in the amount of \$█ and \$█ for 2012 and 2011, respectively.

7. Related Parties Transactions

The Company had a bank balance of \$█ and \$█ at December 31, 2012 and 2011, respectively, with a financial institution considered a related party. Additionally, a significant portion of the Company's general banking activity is done through this financial institution.

The company also had the following related party transactions during 2012 and 2011, with its parent and affiliated subsidiaries:

	2012	2011
Due to affiliate – Ontonagon County Telephone Co. (OCTC), beginning of year	\$ █	\$ █
Labor & customer charges to		
Labor & customer payments from		
Labor & customer payments to		
Labor & customer charges from		
Due to affiliate – OCTC, end of year	\$ █	\$ █

HIAWATHA TELEPHONE COMPANY

Notes to Financial Statements

7. Related Parties Transactions (continued)

	2012	2011
Due from affiliate – Hiawatha Communications, Inc. (HCI), beginning of year	\$ [REDACTED]	\$ [REDACTED]
Cash advance	[REDACTED]	[REDACTED]
Labor & customer charges to	[REDACTED]	[REDACTED]
Labor & customer payments from	[REDACTED]	[REDACTED]
General & administrative paid	[REDACTED]	[REDACTED]
General & administrative billed	[REDACTED]	[REDACTED]
Allocation of state tax (expense) benefit	[REDACTED]	[REDACTED]
Allocation of federal tax expense	[REDACTED]	[REDACTED]
Due from affiliate – HCI, end of year	\$ [REDACTED]	\$ [REDACTED]
Due from affiliate – Midway Telephone Co. (MTC), beginning of year	\$ [REDACTED]	\$ [REDACTED]
Labor & customer charges to	[REDACTED]	[REDACTED]
Labor & customer payments from	[REDACTED]	[REDACTED]
Due from affiliate – MTC end of year	\$ [REDACTED]	\$ [REDACTED]
Due from affiliate – Jamadots, Inc. Beginning of year	\$ [REDACTED]	\$ [REDACTED]
Labor & customer charges to	[REDACTED]	[REDACTED]
Labor & customer payments from	[REDACTED]	[REDACTED]
Labor & customer payments to	[REDACTED]	[REDACTED]
Labor & customer charges from	[REDACTED]	[REDACTED]
Due from affiliate – Jamadots end of year	\$ [REDACTED]	\$ [REDACTED]
Due to affiliate – Chippewa County Telephone Co. (CCTC) beginning of year	\$ [REDACTED]	\$ [REDACTED]
Labor & customer charges to	[REDACTED]	[REDACTED]
Labor & customer payments from	[REDACTED]	[REDACTED]
Labor & customer payments to	[REDACTED]	[REDACTED]
Labor & customer charges from	[REDACTED]	[REDACTED]
Due to affiliate – CCTC end of year	\$ [REDACTED]	\$ [REDACTED]
Due from affiliate – Great Lakes Interlink (GLI), beginning of year	\$ [REDACTED]	\$ [REDACTED]
Cash advance paid	[REDACTED]	[REDACTED]
Due from affiliate – GLI end of year	\$ [REDACTED]	\$ [REDACTED]

8. Subsequent Events

The date to which events occurring after December 31, 2012 have been evaluated for possible adjustment to the financial statements or disclosure is October 1, 2013, which is the date on which the financial statements were available to be issued.